

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 NSAE-00
NSCE-00 SSO-00 ICAE-00 INRE-00 AID-05 CEA-01
COME-00 EB-08 EA-10 FRB-03 INR-10 NEA-10 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
/099 W

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O R 201039Z JUL 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 5033
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS
USMISSION GENEVA IMMEDIATE
USMISSION USUN

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USOECD

USEEC

E.O. 11652: N/A
TAGS: EGEN, OECD
SUBJECT: XCSS JULY 18: UN COMMITTEE OF THE WHOLE

1. SUMMARY: OECD EXECUTIVE COMMITTEE IN SPECIAL
SESSION (XCSS) DEVOTED MOST OF JULY 18 MEETING TO
DISCUSSING HOW TO PROCEED CONSTRUCTIVELY IN COW.
HIGHLIGHTS ARE REPORTED BELOW. THERE WAS BROAD
SUPPORT FOR, AND MANY QUESTIONS ABOUT, AMBASSADOR
YOUNG'S ECOSOC PROPOSAL, WHICH VIRTUALLY ALL DELS
TOOK AS THEIR POINT OF DEPARTURE. GROUP AGREED IT
WAS ESPECIALLY IMPORTANT IN FUTURE TO AVOID NEGOTIA-
TION OF TEXTS AS HAD BEEN ATTEMPTED AT MAY SESSION.
WHILE MOST REPS SPOKE IN FAVOR OF A MORE SELEC-
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TIVE APPROACH TO COW TOPICS, THERE WAS NO AGREEMENT
ON WHICH TOPICS THESE MIGHT BE. GROUP AGREED JULY
20 MEETING IN GENEVA SHOULD BE USED TO EXPLAIN
GROUP B VIEW OF COW ROLE AND TRY TO CONVINCE COW
CHAIRMAN TO ACCEPT MODE OF OPERATION DIFFERENT
FROM THAT USED IN MAY. WITH RESPECT TO SEPTEMBER
COW MEETING, IT WAS FELT BILATERAL APPROACHES TO

LDC'S WOULD BE USEFUL IN PERSUADING G-77 TO INCREASE LEVEL OF REPRESENTATION. FINALLY, GROUP AGREED FURTHER EXCHANGE OF VIEWS WOULD BE NECESSARY BEFORE SEPTEMBER COW (AND UNCTAD TDB), BUT TIMING AND ORGANIZATION OF THIS WAS LEFT OPEN AND WILL BE DISCUSSED BY OECD REPS AT JULY 20 MEETING IN GENEVA. XCSS ALSO HAD DISCUSSIONS OF BONN SUMMIT AND FUTURE WORK PROGRAM WHICH ARE REPORTED SEPTELS. NEXT MEETING WAS SCHEDULED FOR OCTOBER 23-24.

2. BUILDING ON INTRODUCTION BY CHAIRMAN JOLLES SUMMARIZING IMPASSE BETWEEN DC'S AND LDC'S ON ROLE AND OPERATION OF COW, XCSS HAD FAR-RANGING DISCUSSION OF NEED AND PROSPECTS FOR BREAKING THIS IMPASSE. PROPOSAL OF AMBASSADOR YOUNG AT ECOSOC WAS SEEN BY ALL DELS AS OFFERING POTENTIAL FOR BRIDGING DC/LDC GAP, AND SERVED AS FRAMEWORK FOR GROUP'S DEBATE, ALTHOUGH THERE WERE QUESTIONS AND DIFFERENCES OF VIEW OVER HOW IT COULD BE IMPLEMENTED. US SAID OBJECTIVE WAS TO DESIGN APPROACH WHICH AVOIDS NEGOTIATIONS BUT MAKES COW A SERIOUS FORUM TO REFLECT ON IDEAS. CREDIBILITY REQUIRED UNDERTAKING BY BOTH DC'S AND LDC'S TO REAPPRAISE POSITIONS AFTER COW CONSIDERATION, BUT WITHOUT COMMITMENT TO CHANGE THEM. U.S. REP STRESSED NEED TO BE SELECTIVE ABOUT ISSUES. IN RESPONSE TO QUESTION REGARD-
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ING TOPICS WHERE REAPPRAISAL WAS APPROPRIATE, U.S. SUGGESTED FOOD, ENERGY, AND LOCAL COST FINANCING. IN RESPONSE TO CONCERN VOICED BY FRENCH DEL, U.S. SAID ANY MODIFICATION OF POSITIONS RESULTING FROM REAPPRAISALS WOULD BE REFLECTED IN NEGOTIATIONS IN RELEVANT SPECIALIZED BODIES, AND NOT IN COW ITSELF -- THOUGH LATTER COULD STILL GET CREDIT FOR PROGRESS.

3. BEYOND SUPPORT VOICED FOR U.S. PROPOSAL, FEW DELS COMMENTED ON GENERAL APPROACH TO COW. SWEDES FAVORED ACTION-ORIENTED APPROACH TO COMMITTEE'S ROLE AND

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C O R R E C T E D C O P Y (PARA'S MIS-NUMBERED)

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THOUGHT AGREED CONCLUSIONS BOTH NECESSARY AND
DESIRABLE. FRENCH (FROMENT-MEURICE) STRUCK PESSI-
MISTIC NOTE, SUGGESTING COW WAS TURNING INTO SELF-
INFLICTED "INSTRUMENT OF TORTURE" FOR OECD
COUNTRIES, AND INDICATED GOF SAW LITTLE HOPE FOR
COW IF G-77 MAINTAINED DESIRE FOR DECISION TAKING
IN THIS BODY. IN FRENCH VIEW COW MIGHT PERFORM
ROLE OF PREPARING POSSIBLE PROGRESS IN OTHER
BODIES, BUT COULD NOT SERVE AS PLACE WHERE NEW
COMMITMENTS WOULD BE WRITTEN DOWN. IF G-77
AGREED TO THIS, THEN OECD COULD CHOOSE TOPICS
WHERE IT MIGHT BE MORE FORTHCOMING N COW FRAMEWORK.
FROMENT MEURICE SUGGESTED COW SESSIONS BE KEYED
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TO PREPARING MAJOR MEETINGS OF OTHER BODIES,
SPECIFICALLY UNCTAD-5 AND THE 1980 UN SPECIAL SESSION.
4. MOST DEBATE CENTERED ON CHOICE OF TOPICS WHERE
COUNTRIES MIGHT REAPPRAISE THEIR POSITIONS. CON-
CEPT OF SELECTIVITY WON WIDE SUPPORT, BUT NUMBER
OF DELS WONDERED HOW GROUP B COULD AGREE ON SPECIFIC
PROGRESS AREAS OR RESIST G-77 PRESSURE TO
EXPAND LIST TO COVER ALL THEIR DEMANDS. UK THOUGHT
ENERGY, NAMELY OIL SUPPLY AND DEMAND PROSPECTS,

WAS PROMISING TOPIC, INDICATING THEY HAD DONE SOME WORK ON QUESTION AND HAD SOME NEW IDEAS. BELGANS PROPOSED DIFFERENTIATION AND GRADUATION OF LDC'S IN TRADE FIELD. DUTCH COMPLAINED US IDEA ON LOCAL COST FINANCING WAS TOO NARROW AND WANTED DEBT, ILD, AND COMMON FUND ON LIST OF TOPICS. SWEDES AND NORWEGIANS TOOK SIMILAR APPROACH. JAPANESE CAUTIONED AGAINST PICKING TOPICS WHERE GENEVA BODIES ARE ALREIDY DEEPLY INVOLVED. DANES URGED OECD KEEP INITIAL LIST VERY SMALL AND SUGGESTED COOPERATION WITH LDC'S IN FINANCING ENERGY DEVELOPMENT AS STARTING POINT. BOTH FRG AND US EXPRESSED SUPPORT FOR THIS TOPIC. SECRETARY GENERAL VAN LENNEP THOUGHT, HOWEVER, THAT ENERGY INVESTMENT SHOULD BE DISCUSSED BY IMF/IBRD DEVELOPMENT COMMITTEE RATHER THAN BY COW. FRG, US, AND UK STRONGLY OPPOSED SELECTING COMMON FUND AS TOPIC FOR COW CONCENTRATION. ALTHOUGH US AGREED ALL COUNTRIES NEED NOT PICK SAME AREAS WHERE THEY WOULD RECONSIDER POSITIONS, IT EMPHASIZED NEED TO BE SPECIFIC AND NOT MAKE MEANINGLESS PROPOSALS CONCERNING A BROAD CATEGORY LIKE "RESOURCE TRANSFER". US ALSO NOTED ONLY WAY TO RESPOND TO G-77 REQUESTS TO EXPAND LIST TO UNFEASIBLE AREAS WAS TO SAY "NO". IN RESPONSE LIMITED OFFICIAL USE

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TO QUESTIONS ABOUT US PROPOSAL ON LOCAL COST FINANCING, US DEL EXPLAINED THAT IDEA WAS TO GET CLOSER TO CONCEPT OF MAKING UP FOR SAVINGS SHORTAGE IN LDC'S RATHER THAN PROVIDING FOR "IMPORT NEEDS", WHICH PROBABLY CAUSED DISTORTIONS IN DEVELOPMENT PLANNING.

5. FURTHER PREPARATION FOR COW AND TDB: THERE WAS GENERAL AGREEMENT FURTHER PREPARATION WAS NEEDED FOR SEPTEMBER COW AND CHAIRMAN PROPOSED XCSS, PERHAPS AT SOMEWHAT LOWER LEVEL, MIGHT MEET AT END OF JULY OR EARLY SEPTEMBER TO DO THIS. US PROPOSAL THAT SAME MEETING PREPARE FOR SEPTEMBER TDB ON UNCTAD-5 AGENDA MET WITH NO OBJECTION. DANES HOWEVER OPPOSED OECD COORDINATION FOR COW AS MATTER OF PRINCIPLE, AND QUESTION OF HOW AND WHEN THIS WILL BE DONE WAS LEFT OPEN FOR FURTHER DISCUSSION BY OECD REPS AT JULY 20 MEETING IN GENEVA. AT SUBSEQUENT BUREAU DINNER - DANES NOT ATTENDING - THERE WAS BROAD AGREEMENT THAT REPS OF BUREAU COUNTRIES, PROBABLY AT HORMATS LEVEL, SHOULD CONSULT, PROBABLY JUST BEFORE COW. QUESTION OF HOW GROUP B SHOULD PREPARE FOR AUG 30-SEPT 13 TDB, WHICH REQUIRES SOMEWHAT EARLIER MEETING (AND ON WHICH DANES WOULD PRESUMABLY

HAVE NO OBJECTION, SINCE IT IS A CUSTOMARY OECD
ACTIVITY) WAS NOT DECIDED, AND DELS PRESENT IN GENEVA
FOR JULY 20 MEETING WILL PRESUMABLY HAVE TO CONSIDER
THIS. XCSS ITSELF WILL MEET AGAIN OCTOBER 23-24.
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